

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Friday May 14, 1976

CI-NIDC 76-114C



NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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DIA and DOS review(s) completed.

Top Secret

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National Intelligence Daily Cable for Friday May 14, 1976.

[REDACTED] The NID Cable is for the purpose of informing senior US officials.

LEBANON

[REDACTED] The refusal of Christian forces in central Lebanon to accept a cease-fire may cause a complete collapse of the truce in Beirut. Fighting in the capital has intensified every day this week as leftist and Palestinian forces have retaliated against a Christian drive on leftist-held territory in the central mountains.

[REDACTED] Fighting in Tripoli between Syrian forces and Iraqi-sponsored Lebanese and Palestinian units resumed yesterday after a cease-fire arranged on Wednesday suddenly collapsed. The Syrians, who now seem intent on eliminating Iraqi agents and other local troublemakers, are pressing their attack on a number of leftist strongholds in the area.

[] The US embassy in Beirut speculates that the Syrian campaign may be motivated in part by Syria's obligation to Prime Minister Karami, who has lost much of his local power base in Tripoli to several young, leftist leaders.

[] The embassy has learned that Syrian-controlled forces are also moving against Iraqi-backed militiamen in Sidon and Tyre. The trouble in these two southern cities has raised some concern in Israel that renewed tensions could cause incidents close to the Israeli border.

[] The deteriorating security situation has prompted Sarkis to cut short the traditional round of congratulatory visits and to concentrate instead on engineering a new truce. His efforts to work out a reconciliation with leftist leader Kamal Jumblatt apparently are making some headway.

[] Jumblatt issued another statement yesterday in which he emphasized his admiration for Sarkis personally and explained that he had not backed Sarkis in the presidential campaign only because of Syria's endorsement of Sarkis' candidacy.

[] We have no new information on Sarkis' contacts with Christian leaders, who at this juncture hold the key to salvaging a truce. A new round of rumors in Beirut that President Franjiyah intends to delay his resignation suggests that Sarkis may have a difficult time gaining concessions from the Christian leaders on any new cease-fire proposals.

SYRIA-JORDAN

[] Syrian President Asad and Jordanian King Husayn ended their meeting in Damascus without announcing any new moves toward political or military integration. Their discussions seem to have served primarily to reinforce the strong bond that has developed between the two men over the past year.

25X1 [] //This personal bond remains the most important factor in the seemingly anomalous alliance between Baathist Syria and the conservative Hashemite monarchy. Most of the steps taken thus far to promote cooperation have been more cosmetic than real, with the exception of some military coordination.//

25X1 [] Lebanon appears to have headed the list of topics taken up by Asad and Husayn. Husayn strongly supported Syrian mediation efforts in the joint communique issued at the end of his visit.

ISRAEL

25X1 [] The Israelis are bracing for another round of Arab demonstrations and terrorist incidents today and tomorrow.

25X1 [] Israel's Rakah communist party plans demonstrations in Israel today in memory of Israeli Arabs killed March 30, when security forces moved against demonstrators protesting the government's expropriation of land in northern Israel.

25X1 [] The Palestine Liberation Organization reportedly has called on the Arabs in the Israeli-occupied territories to conduct a general strike and hold demonstrations tomorrow to mark the anniversary of Israeli independence, which occurs this week according to the Western calendar.

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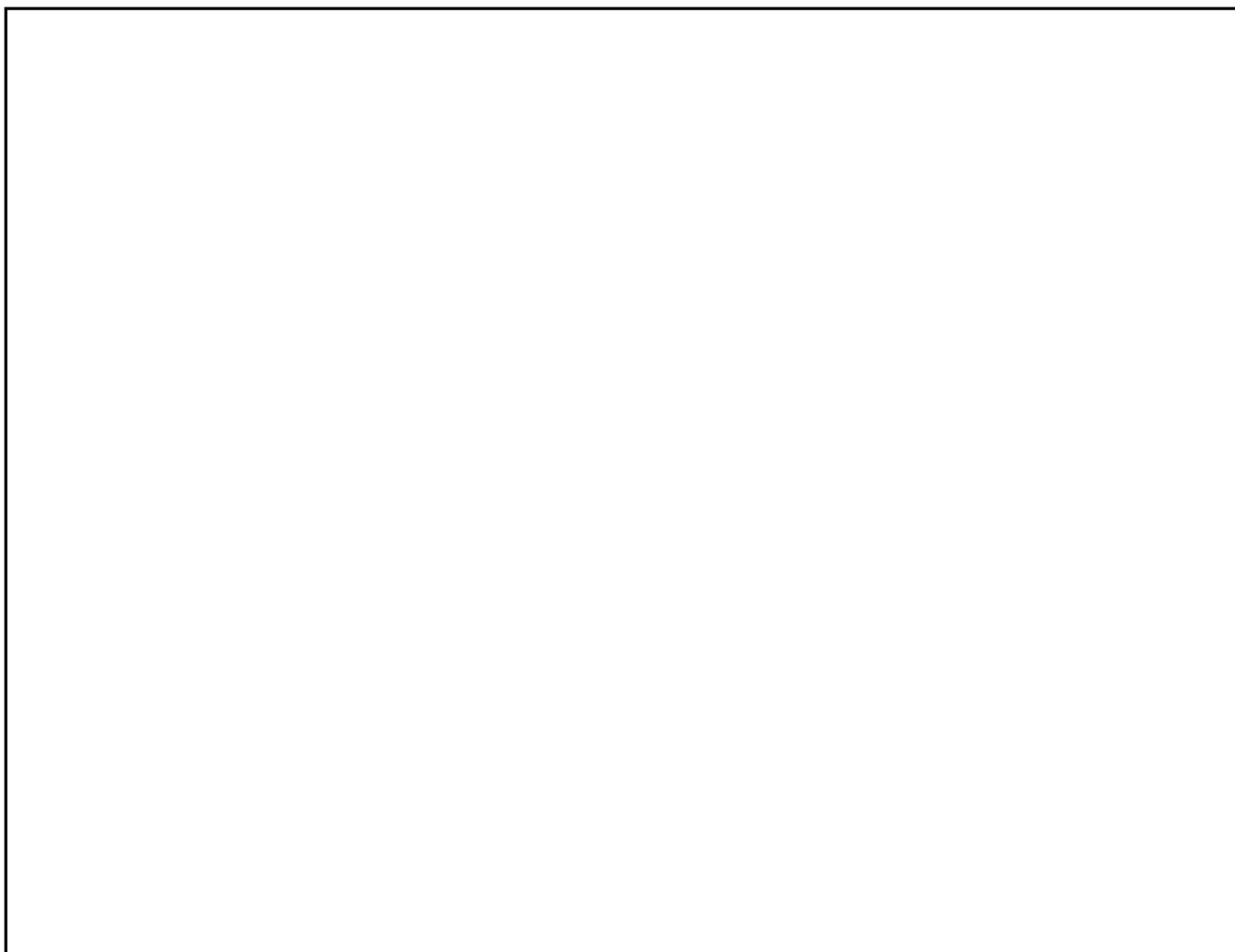
[redacted] Prime Minister Rabin's adviser for Arab affairs told US embassy officers yesterday that Israeli security forces have been placed on alert. He said they would not be posted in Israeli Arab villages; the government wants to avoid a repetition of the March 30 events, when the security forces in the villages quickly became the targets of Arab violence.

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[redacted] The government has also intensified its effort to round up suspected Arab terrorists. Terrorist incidents have traditionally increased on the occasion of the mid-May anniversary of Israel's independence. [redacted]

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SOUTH AFRICA

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[] The South African government has proposed amendments to the country's already stringent and sweeping security laws that would significantly increase its executive powers and further reduce access to the judicial system by individual South Africans.

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[] During a heated debate in parliament, spokesmen for the ruling National Party have played upon public concern about future developments in southern Africa to support the government's case for by-passing the judicial process. The spokesmen argue that broadening executive security powers will tighten the loopholes exploited by a variety of "radical elements."

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[] In a private conversation with a US embassy officer, one National Party deputy maintained that it is necessary to legislate now what amounts to emergency powers in order to avoid any delay in responding to security situations when parliament is not in session.

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[] The deputy cited the prospect of "problems along the Angola border," and insisted that authorities in Namibia needed the new measures to deal with security threats from Namibian guerrillas.

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[] The Vorster government is likely to press for passage of its proposals despite the protests voiced by the two opposition parties, the English-language press, and some local bar associations.

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[] The government would have no trouble winning a vote, since the National Party holds 122 of parliament's 169 seats. There might also be defections from the opposition ranks, given the sensitivity of some white South Africans to opposing their government on national security matters.

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[] The current parliamentary session will continue for some weeks and the debate is likely to be prolonged. []

USSR-ISRAEL

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[] The USSR and Israel are continuing their periodic diplomatic contacts.

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[] Last week Israeli UN Ambassador Herzog met with Soviet UN Ambassador Malik to explore Soviet views on a Middle East settlement. The Israelis say they asked Malik whether the Arabs support Soviet principles for a settlement, including respect for Israel's continued existence within its pre-1967 boundaries.

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[] The Israeli approach may have been a response to last month's Soviet declaration on the Middle East and General Secretary Brezhnev's earlier speech at the Soviet party congress. Both sounded conciliatory notes toward Tel Aviv. The Soviets, for example, reiterated their willingness to guarantee Israel's security and said that they have "no prejudice" against any Middle East state.

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25X1 [] A top Israeli foreign ministry official recently said that these actions have triggered some speculation in Tel Aviv about Soviet intentions. He said some Israelis see a change in tone and content in the Soviet statements, although others argue that past periods of Soviet moderation have been temporary.

25X1 [] The Israelis said they have not changed their position that Moscow, having broken relations, should take the initiative on restoring them.

25X1 [] Moscow has recently made other small gestures toward Tel Aviv. Soviet sports teams are now willing to play Israeli athletic teams and a small Soviet friendship delegation is currently visiting Israel. These Soviet actions appear largely tactical, designed to suggest a degree of Soviet even-handedness to the West and Israel and to ease the way for Tel Aviv's attendance at a reconvened Geneva conference.

25X1 [] The Soviets appear to be laying the groundwork both at home and among the Arabs for eventual resumption of diplomatic ties, but they continue to stress that movement toward a Middle East peace settlement is a major prerequisite. Soviet officials have also said that Israel must act to halt "anti-Soviet provocations" by Jewish groups, citing "Zionist harassment" of Soviet diplomats in New York and the Israeli-supported conference on Soviet Jews held last February in Brussels. [] 25X1

SYRIA-UN

25X1 [] //The Syrians appear to be signaling their intention to approve another six-month extension of the mandate for the UN observer force on the Golan Heights. The mandate expires May 30.//

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[] the senior Syrian liaison officer to the UN force has informally told the UN commander that Syria will renew the mandate. The Asad government reportedly has also given private assurances to Iran, which has a contingent in the force, that Syria has decided to approve another extension.// DIA

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between Syrian authorities and UN officials have remained close as the renewal date approaches. In the past, the Syrians have tried to avoid contact with UN personnel at such times, apparently to avoid being drawn out on Damascus' intentions.// DIA

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EUROPEAN PARLIAMENT ELECTION

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[REDACTED] //The EC foreign ministers are meeting informally in Luxembourg today and tomorrow to discuss the problem of how to apportion seats for direct elections to the European Parliament. The relaxed atmosphere of meetings of this kind--there are no aides and no agenda--has helped the ministers to make progress on difficult problems in the past.//

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[REDACTED] //Despite high-level attention, including discussion at last month's heads-of-government meeting, the Nine have been unable to follow through on last December's summit decision to hold direct elections in 1978.//

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[REDACTED] //These pressures increase the likelihood that the Luxembourg meeting will produce an acceptable compromise. [REDACTED]

USSR/ECPC

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[REDACTED] The Yugoslav and Italian communist parties have expressed serious doubts that the long-delayed European communist party conference can be held soon.

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[] Despite optimistic claims of progress from Moscow and its loyal East European allies, the Yugoslavs and Italians stated that last week's preparatory meeting in East Berlin failed to resolve all inter-party differences.

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[] Party secretary Aleksandr Grlickov, the chief Yugoslav negotiator, told his party's executive committee in Belgrade on Wednesday that questions of a "principled and essential" nature remain to be settled. He said that it will take a major effort to devise a conference document which all parties can accept and that the Yugoslav party will not decide whether to attend the conference until it has studied the document. Grlickov added that the principle of consensus must not be violated.

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[] An Italian party leader, as quoted by a leading Italian newspaper last Sunday, said that differences between the independent-minded parties and the Moscow-oriented parties are still so significant that it may be impossible to convene the conference before September or October. The Italian party, at a minimum, prefers to postpone a decision on convening the conference until after the Italian parliamentary elections on June 20.

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[] Although the Yugoslav news agency released Grlickov's comments, it cautioned recipients not to dwell on the differences he had cited, presumably to avoid further angering the Soviets and their allies.

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[] The East German party, which has borne the brunt of the drafting responsibilities, has been quick to stress the need for loyalty to Moscow. On May 6, the day the latest drafting session ended, Premier and Politburo member Willi Stoph gave a toughly worded speech that touted support for the Soviet party as the "deciding criterion" of a communist party's revolutionary credentials. []

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ICELAND-UK

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[] //An incident on Tuesday has heightened tension in the lingering British-Icelandic fishing dispute and may be raised at the NATO ministerial meeting next week. Iceland will attend the meeting.//

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[redacted] //An Icelandic patrol boat fired across the bow of a British trawler attempting to escape. The trawler was one of six British vessels that had been fishing about 35 miles west of Iceland.//

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[redacted] //Icelandic patrol boats have fired on and sometimes hit British trawlers in past fishing disputes without injuring anyone on board. The incident on Tuesday is the first reported use of live ammunition in the current flareup of the long-standing dispute.//

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[redacted] //In the past, the Icelandic patrol boats have been guided by instructions from coast guard headquarters in Reykjavik. Whether the Icelandic captain in the recent incident acted independently or on orders is unknown.//

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[redacted] //The absence of a strict Icelandic military chain of command and the traditional self-reliance of the former trawler captains who now command the patrol vessels suggest that they exercise some independence in conducting their patrols.//

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[redacted] //The Royal navy has been providing closer protection to British trawlers since May 5, following threats by the trawlers to leave Icelandic waters permanently unless London authorized better naval protection.//

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[redacted] //The navy's more aggressive tactics, which led almost immediately to a flurry of incidents, are apparently a result of a political decision taken last week at the highest levels of the Callaghan government. Officials in the defense ministry as well as naval officers have reportedly been reluctant to participate in what they regard as essentially a political conflict, but their arguments apparently have carried little weight in cabinet discussions.//

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USSR

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[] According to a recent scientific article, the Soviets plan to orbit long-term manned observatories. These complexes will be assembled in space from large individual sections and serviced by transport ships. The Soviets may intend to link one or more of their Salyut-class spacecraft together to form an observatory.

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[] Some of the concepts that would be involved have already been tested. The recent three-month joint flight of Soyuz 20 and Salyut 4 successfully demonstrated the USSR's ability to carry out remote rendezvous and docking--a technique for constructing and using large space stations.

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[] The Soviets have also conducted two tests of a new man-related spacecraft that may be a prototype of a ferry and resupply vehicle. They will probably need a new larger spacecraft because of the limited transport capability of the Soyuz, their current vehicle.

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CHINA

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[REDACTED] A 680-mile pipeline from the large Taching oil fields in Manchuria to a nearly finished Chinese port just east of Dairen is now in operation. The oil port--China's largest--will be able to handle tankers up to 100,000-tons when finally completed in July.

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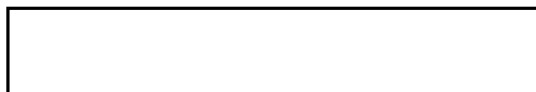
[REDACTED] The pipeline will ease the burden on the over-worked rail system and facilitate deliveries of petroleum to foreign and domestic consumers. The new port was designed as the primary facility for oil exports to Japan, China's major oil customer. Both the port and the pipeline have been under construction since mid-1974. [REDACTED]

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CANADA

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[REDACTED] //Canada's seasonally adjusted unemployment rate jumped to 7.4 percent in April after holding steady at or below 7 percent for several months. The April figure is the highest monthly rate since 1961 and is likely to revive criticism of the Trudeau government's economic policies, which stress curbing inflation. Ottawa has been banking that the impact of the US economic recovery would spill over into Canada and lower unemployment.//



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[REDACTED] //The government must present its budget for fiscal year 1976-77 to parliament in less than two weeks. Finance Minister Macdonald fears that an expansionary budget, while reducing unemployment, would lead to a new round of inflation. A more restrictive budget, however, would increase the risk of political fall-out from continuing high unemployment.//

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[REDACTED] //The chances are better than even that Ottawa will decide on a neutral or slightly restrictive fiscal policy, relying on current bullish forecasts that there will be satisfactory economic growth even without government assistance.

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[REDACTED]

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[REDACTED]

[REDACTED]

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PORTUGAL

[redacted] Portuguese Socialist leader Mario Soares told Ambassador Carlucci that he had spurned recent offers from both the Communists and Prime Minister Azevedo to support him in a bid for the presidency in return for political concessions by the Socialists.

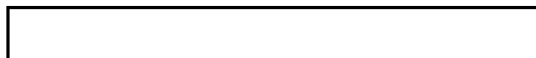
[redacted] Soares said he was approached last week by the number-two man in the Communist Party, Octavio Pato, who offered Communist support for a Soares candidacy in exchange for a Communist cabinet post following the presidential election on June 27.

[redacted] Pato stressed that the Communists would accept even a minor post, their aim being simply to maintain the party's visibility.

[redacted] Soares, who has announced plans to try to form a minority Socialist government, said he flatly refused the Communist request, indicating to Pato that he had no desire to become "another Allende."

[redacted] Since placing fourth in the legislative assembly election on April 25, the Communists have stressed the need for a Socialist-Communist coalition. Pato's plea shows how far the party's fortunes have fallen in the past year. It illustrates the importance the Communists apparently attach to retaining a role, no matter how insignificant, in the Portuguese government.

[redacted] Another suppliant Soares received this week was Prime Minister Azevedo, who believes he is being outmaneuvered in his own bid for the presidency by army chief of staff Eanes.



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[] On the eve of Soares' announcement of support for Eanes' candidacy, Azevedo pleaded with him to withhold his endorsement in hopes of forcing a second-ballot runoff between himself and Eanes. Soares claims that when he rejected this request, Azevedo offered to support him for president in an effort to block the Socialist endorsement of Eanes.

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[] Azevedo's apparent willingness to give up his own presidential aspirations to support Soares suggests that he may be part of a "stop-Eanes movement."

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[] There have been indications that leftist military officers, and probably the Communists as well, oppose Eanes' candidacy. If they are determined to stop him, it could portend serious trouble during the campaign. []

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